Panama #5966

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For Immediate Release
July 22, 2011

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OECD Promotes Panama to List of Financially Transparent Countries

Leading Latin American Economy Reaches Major Transparency Standards Milestone

Following the signing of a double taxation agreement with France on July 6, the Republic of Panama was placed by the Organization for Economic Cooperation and Development (OECD) on its list of countries who have substantially implemented international standards for exchange of information, commonly known as the "White List."

"Panama has moved aggressively to align its tax systems with international standards established by the OECD," said Alberto Vallarino, Minister of Economy and Finance for the Republic of Panama. "We are pleased to have reached this historic milestone, which further assures international investors of the stability of the Panamanian economy."

Panama has signed DTAs with France and 10 other countries, including Italy, the Netherlands, Spain, Qatar, Luxembourg, Korea, Singapore, Mexico, Barbados, and Portugal. Panama signed a Tax Information Exchange Agreement with the United States in November of last year. These agreements enable the transparent exchange of tax information and prevent the facilitation of tax evasion. A country must sign at least 12 of these agreements in order to be included on the OECD's list, which is a compilation of countries willing to cooperate against tax fraud.

Panama leads Latin America economically. In 2010, the country led the region in foreign direct investment, as a percent of GDP, with investments exceeding $2.3 billion. In the first quarter of 2011 alone, Panama's economy grew 9.7 percent from the previous year. It was ranked the 2nd most competitive economy in Latin America by the World Economic Forum's Global Competitiveness Report 2010-2011, and the International Monetary Fund projects that Panama will become the fastest-growing economy in Latin America and the Caribbean by 2015.

Panama has requested that the OECD's Global Forum further review its laws and domestic policies to ensure the tax treaties it has signed remain operational.

"The Martinelli Administration's pro-growth economic policies and alignment with international standards continue to create prosperity for our country and opportunities for our citizens," Vallarino said.

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For Immediate Release
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STANDARD & POOR'S REVISES PANAMA'S SOVEREIGN RATING OUTLOOK TO POSITIVE, SAYS UPGRADE LIKELY IF TRENDS CONTINUE

Research Highlights Strong Economic Growth, Increasing Economic Diversity, Stable Macroeconomic Environment

Standard & Poor's has announced it is revising its outlook for Panama's sovereign rating from stable to positive and that this improved outlook "reflects the likelihood of an upgrade if the better-than-expected performance of Panama's economy continues over the next year or two." This announcement follows a June announcement by Fitch Ratings that it was upgrading Panama's ratings again to a solid-investment grade.

"Standard & Poor's positive outlook for Panama and suggestion of a likely ratings upgrade is further evidence that the Martinelli Administration's pro-growth policies are creating prosperity for the nation and expanding opportunities for Panamanians ," said Alberto Vallarino, Minister of Economy and Finance for the Republic of Panama. "This sends a strong signal to global trading partners and international investors about the benefits of working with Panama."

In its Research Update announcing the revision, Standard & Poor's reported that in their view "higher growth, along with rising investment in Panama's infrastructure could lead to faster-than-expected improvement in the sovereign's financial profile and long-term economic resilience."

In addition to highlighting the country's infrastructure investment and responsible fiscal policies, the report also credited the improvement in part to tax reform proposed and enacted by the Martinelli Administration. The report stated that "tax reforms implemented in 2010, and efficiency improvements in tax administration and collection are providing the government with ample resources to fund its ambitious investment plans without eroding its fiscal flexibility or reversing the decline in its debt burden."

Panama is implementing a 5-year, $20 billion infrastructure investment program. In 2010, the country led Latin America in foreign direct investment, as a percent of GDP, with investments exceeding $2.3 billion. It was ranked the 2nd most competitive economy in Latin America by the World Economic Forum's Global Competitiveness Report 2010-2011.

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